

Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Price Cap Performance Review for Local Exchange Carriers)	CC Docket No. 94-1
)	
Federal State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Low-Volume Long Distance Users)	CC Docket No. 99-249
)	
Access Charge Reform)	CC Docket No. 96-262

**COMMENTS OF
ALLEGIANCE TELECOM, INC.**

Allegiance Telecom, Inc. ("Allegiance"), by its attorneys, hereby submits its comments in response to the Public Notice released on March 24, 2000 (DA 00-692) in the above-captioned proceedings. The Public Notice invites interested parties to comment on the proposal of the Coalition for Affordable Local and Long Distance Service ("CALLS") for universal service and interstate access charge reform.

I. INTRODUCTION

Allegiance is a competitive local exchange carrier ("LEC") based in Dallas, Texas that provides small and medium-sized businesses with a full array of services, including local, long distance, high-speed data, digital subscriber line, and Internet access services. Allegiance also provides switched and dedicated access services to interexchange carriers. Allegiance currently operates in 21 markets and plans to offer its services in at least 36 major metropolitan areas in the United States by the end of 2001.

In its Memorandum, CALLS asserts that its plan “provides a comprehensive blueprint for reform in an area that has challenged the Commission for nearly two decades and has become increasingly urgent since the passage of the Telecommunications Act of 1996 ... and the emergence of packet-based networks like the Internet.”¹ Although the CALLS plan addresses the concerns of the largest interexchange carriers and certain large, medium, and small incumbent LECs, the true competitive LECs, at this point, have no meaningful part in CALLS’ “comprehensive blueprint.” This is of critical concern to Allegiance, especially since Allegiance and other competitive LECs owe their existence to the passage of the Telecommunications Act.

There is no question that changes to the CALLS proposal are necessary in order to ensure that the needs and interests of new competitive LECs which are unaffiliated with AT&T and Sprint are addressed. Such changes include, but are not limited to, a reduction to the \$650 million fund to which competitive LECs will have to contribute. Allegiance will address such changes in its reply comments. Although the CALLS members have deliberately excluded Allegiance and other CLECs from the negotiations process, Allegiance recognizes the public interest benefits in resolving access charge issues by consensus and in a manner that all segments of the industry can live with.

In an effort to broaden the reach of CALLS and to work toward a consensus among all members of the industry, including CLECs, Allegiance proposes to voluntarily cap its switched access rates at NECA levels on a going-forward basis provided that pending litigation for past due charges is resolved and that IXC stop blocking calls.² While Allegiance further

¹ *Memorandum in Support of the Revised Plan of the Coalition for Affordable Local and Long Distance Service*, CC Docket Nos. 94-1 *et al.*, 1 (filed March 8, 2000) (“Memorandum”).

² In an effort to collect past due access charges, Allegiance has been forced to file suit against the two IXC members of CALLS, AT&T and Sprint.

highlights that fundamental changes to the CALLS plan are necessary, Allegiance submits that inviting CLECs into the CALLS process is the only hope for achieving a true industry solution by consensus.³

The CALLS proposal is a complicated plan that has many implications for all telecommunications providers and consumers. As such, the concerns of all parties, including competitive LECs must be considered. To that end, Allegiance emphasizes that it will address the merits of any reasonable alternatives suggested in the comments of other parties in its reply comments.

II. AN INDUSTRY CONSENSUS APPROACH TO COMPREHENSIVE ACCESS CHARGE AND UNIVERSAL SERVICE REFORM MUST INCLUDE COMPETITIVE LECS

Allegiance supports an industry consensus approach to comprehensive access charge and universal service reform. To date, however, competitive LECs have not been invited to participate in CALLS, and Allegiance submits that, without competitive LEC input, CALLS cannot be a “consensus industry proposal.”

Allegiance notes that CALLS has at least twice modified its proposal to develop consensus among some parties. On March 29, 2000, CALLS submitted modifications to the CALLS plan to gain the support of consumer groups. Similarly, in its March 8, 2000 Memorandum, CALLS presented a number of “safeguards for mid-sized price cap carriers that serve rural areas.”⁴ Following this approach, and combined with other changes, CALLS could

³ As CALLS noted in its Memorandum, State Commissions have used social compacts as a basis for decision-making. *Id.* at 10.

⁴ Memorandum, 13.

expand its base of support to include Allegiance and potentially other competitive LECs by building in similar safeguards for CLECs which, consistent with the voluntary theme of the CALLS proposal, offer to cap their access charges at NECA levels on a going-forward basis.

In describing its rationale for implementing safeguards for smaller incumbent LECs, CALLS expressly notes that the differences “between large and mid-sized LECs [go] far beyond differences in customer base.”⁵ Indeed, CALLS states that “[d]ue to their size, mid-sized LECs generally have different economies of scale than do the large LECs; they incur greater costs to provide service, do not receive the same volume discounts from vendors, and overall, shoulder a disproportionate burden, both in terms of time and expense, in meeting regulatory costs.”⁶ These differences are even more extreme when large incumbents are compared to competitive LECs, and Allegiance believes that NECA access rates are a reasonable benchmark for itself and possibly for other competitive LECs.

Allegiance submits this “public offer” of capping its access charge rates at NECA levels in this rulemaking proceeding because, to date, Allegiance has been precluded from participating in CALLS. Allegiance’s public offer is consistent with the voluntary theme of CALLS, and furthermore, Allegiance’s proposal adds value to the CALLS proposal by ensuring that competitors of AT&T’s and Sprint’s local and long distance services are not placed at a competitive disadvantage in the marketplace. For all these reasons, CALLS’ members should invite CLEC participation in an effort to move the CALLS proposal closer to a plan that is truly based on industry consensus.

⁵ Memorandum, 13.

⁶ *Id.*

Respectfully submitted,



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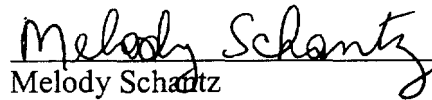
CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing were sent by hand delivery on this 3rd day of April, 2000 to the following parties:

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